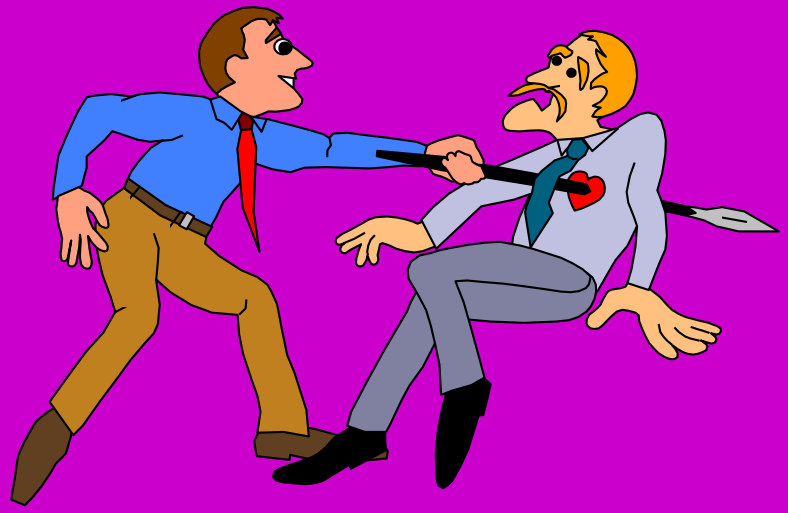
TERMINATIONS



Scott Buchan/PKPB

FAR Part 49

DEFINITION

A contractual action that ends a contract or order in whole or in part prior to its completion.

A termination may be for the Convenience of the Government or for the Default of the Contractor (Cause)

Convenience Termination

- Termination action originates with requirements personnel
- Contracting receives completed AF Form 3056 (front side)
- Types
  - No Cost
  - Cost
- Information at http://pkec.robins.af.mil/pr/pkpb/T4C/T4C.doc

Convenience Termination

- No cost
  - PCO issues notice of termination and termination mod
  - Agreement of contractor required
  - PCO issues bilateral settlement mod.
- Cost
  - PCO issues notice of termination and termination mod
  - PCO assigns termination to TCO at DCMC to negotiate settlement
  - PCO de-obligates excess funds at the direction of the DCMC TCO
  - After DCMC TCO issues bilateral settlement mod, PCO de-obligates any remaining excess funds

DEGREE OF TERMINATION

- Partial - Termination of a part, but not all, of the work on a contract that has not been shipped or accepted. (i.e. contractor still has more to deliver.)

- Complete - Termination of all work remaining on a contract that has not been shipped or accepted. (i.e., contractor has no more to deliver.)

SPECIAL CASE FOR UNILATERAL PURCHASE ORDERS (FAR 13.302-4)

- Contractor has accepted order in writing
  - **Proceed IAW FAR Part 49/52.213-4 for other than commercial items**
  - **Proceed IAW 12.403(d) and 52.212-4(l) for commercial items**
- Contractor has not accepted order in writing
  - **Notify contractor of cancellation**
  - **Contractor accepts and does not claim costs**
    - **Confirm cancellation in writing**
  - **Contractor does not accept or claims costs**
    - **Proceed as though contractor had accepted order in writing (see above)**

TYPES OF TERMINATIONS

- Default
  - **Contractor fails to perform**
  - **Termination action originates with administering personnel**
  - **PCO coordinates with requirements personnel**
  - **Right to T for D has not been waived**
    - **Appropriate and timely action to communicate to the contractor that delivery is important to the Government**
    - **Letters, FAXes, e-mail, phone calls, etc.**

TYPES OF TERMINATIONS

- Default (Continued)
  - **Cure notice (before delivery date)**
  - **Show cause (after delivery date)**
  - **Forbearance letter, if a short extension is best**
  - **PCO completes AF Form 3056 (both sides)**
  - **PCO completes CO Statement**
  - **PCO forwards to TCO (in PKPB)**